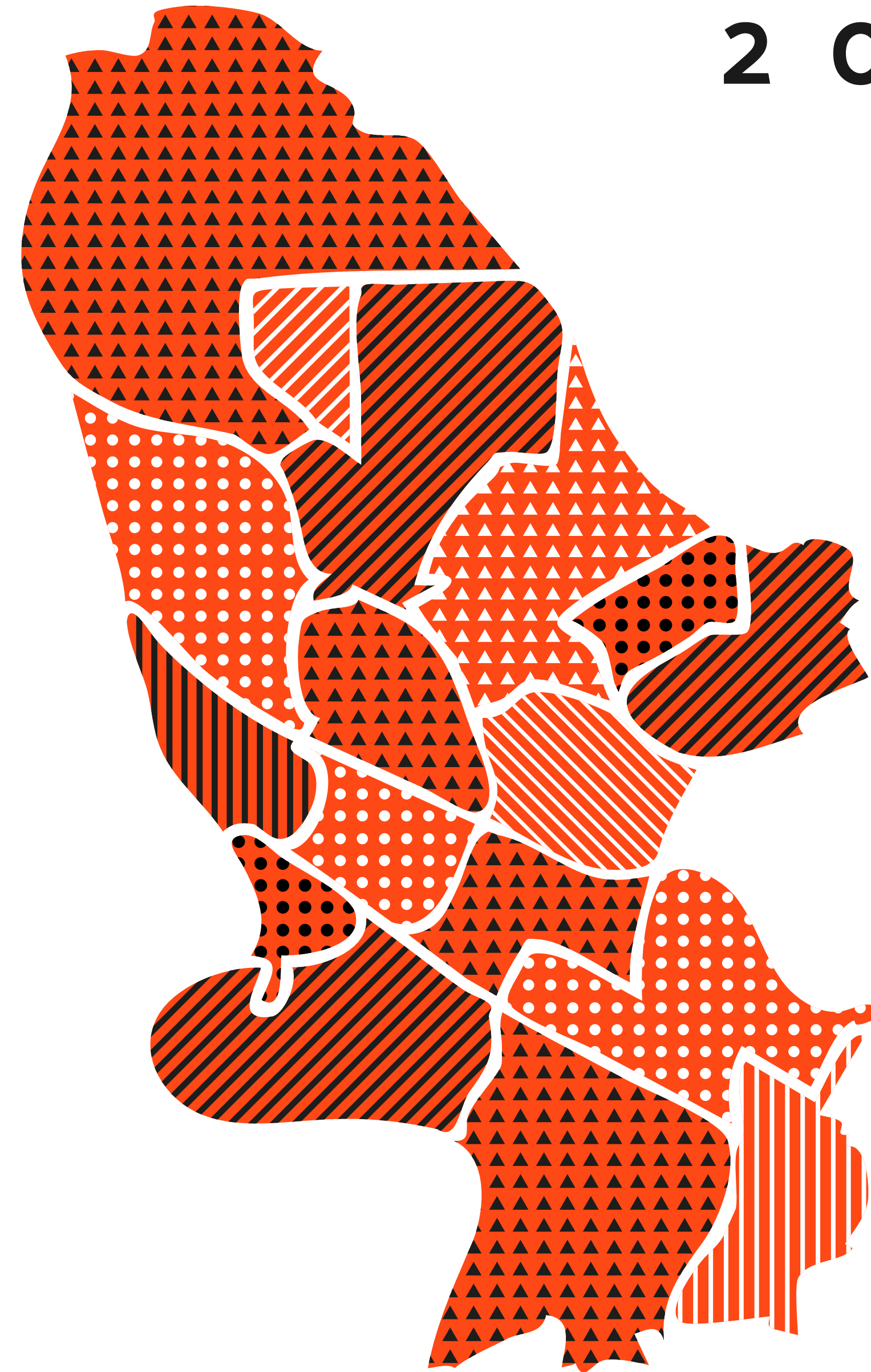


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# Mannheim Startup Monitor



## Executive Summary: Mannheim Startup Monitor

When talking about startup ecosystems in Germany, the focus is usually on the metropolitan areas Berlin and Munich. However, over the past few years an active startup ecosystem has not only developed in these two international hotspots, but also in many other regions of Germany: **Mannheim stands out as one of the most active locations for startups in Germany** in relation to its population.

Overall, the **ecosystem is on the rise**, as indicated by the large number of **early-stage startups**. Mannheim is mainly characterized by a very **high satisfaction** of the founders with their location and the general conditions. With the **University of Mannheim**, the city has one of Germany's top entrepreneurship universities and the strong **B2B scene** profits from the large number of established companies in the region.

When it comes to **growth**, the region has **potential for development** – larger investments and high employee numbers are currently still rare. In the coming years, it will be important to provide impulses in the areas of international networking and funding (especially business angels and VC).

Publisher:



Commissioned by:



Sponsor of the German Startup Monitor:



# The German Startup Monitor is the basis of the report

## Methodology of this report

- Special analysis of the German Startup Monitor 2020 for Mannheim with 65 identified startups, which are compared to other regions and Germany as a whole.
- The German Startup Monitor (GSM) was conducted for the first time in 2013 and is today the largest survey of German startups with 1,946 participants in the GSM 2020.
- The German Startup Monitor is supported by more than 300 network partners from across the ecosystem who share the survey in their networks.

## Startup definition



– are younger than 10 years.

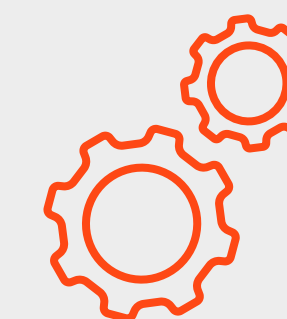


– are innovative in their technology and/or their business model.

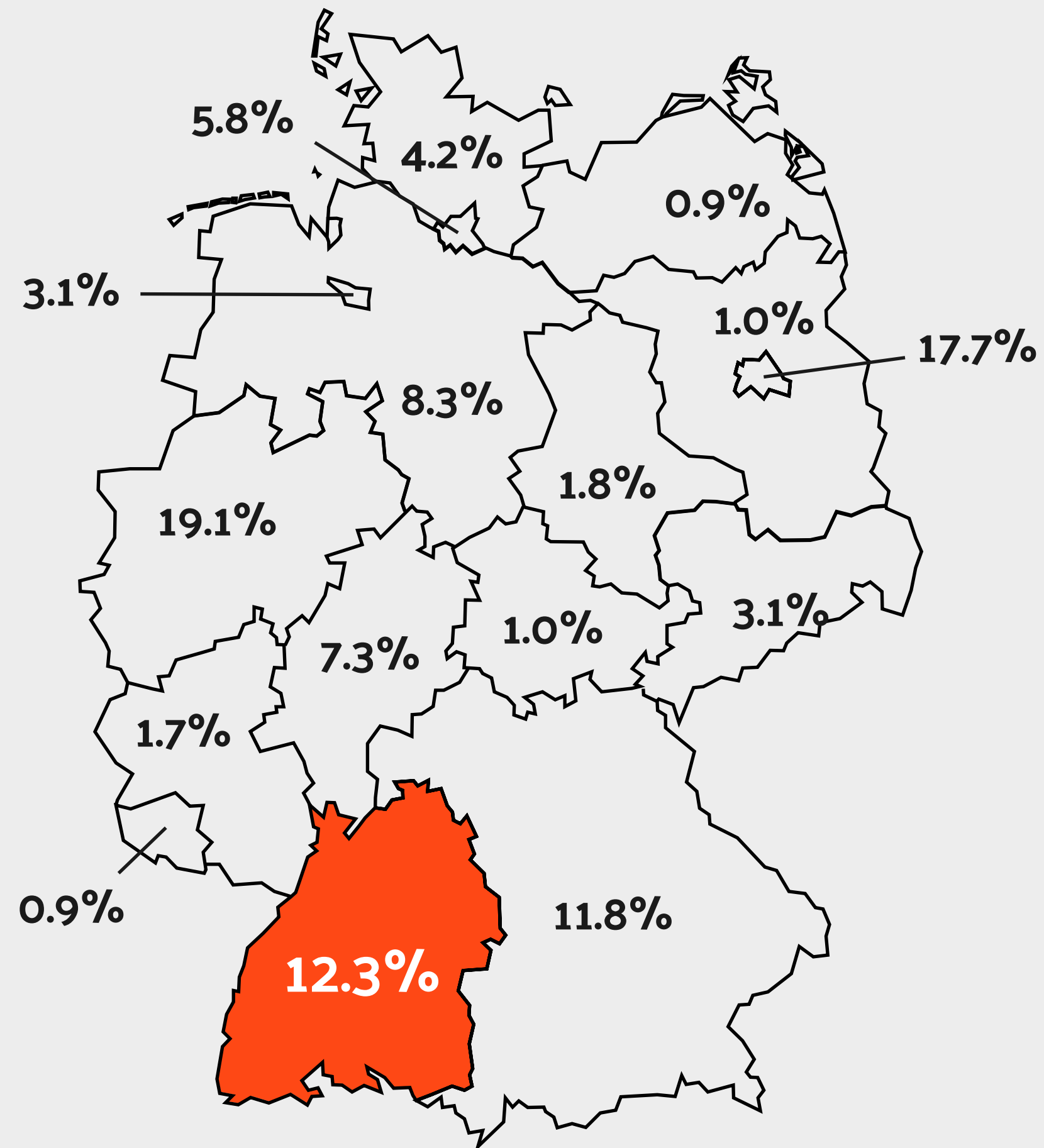


– plan or show significant growth in employees and/or sales.

## S T A R T U P S



## Regional distribution GSM 2020



## Baden-Württemberg has an active ecosystem

The **ecosystem in Baden-Württemberg** is characterized by ...

- a continuously high response rate in the German Startup Monitor (2018: 12.4 % ; 2019: 12.6 %).
- a large number of ecosystems showing strong activity in recent years, such as Mannheim, Karlsruhe and Stuttgart.

## Startup activity in Mannheim is very high

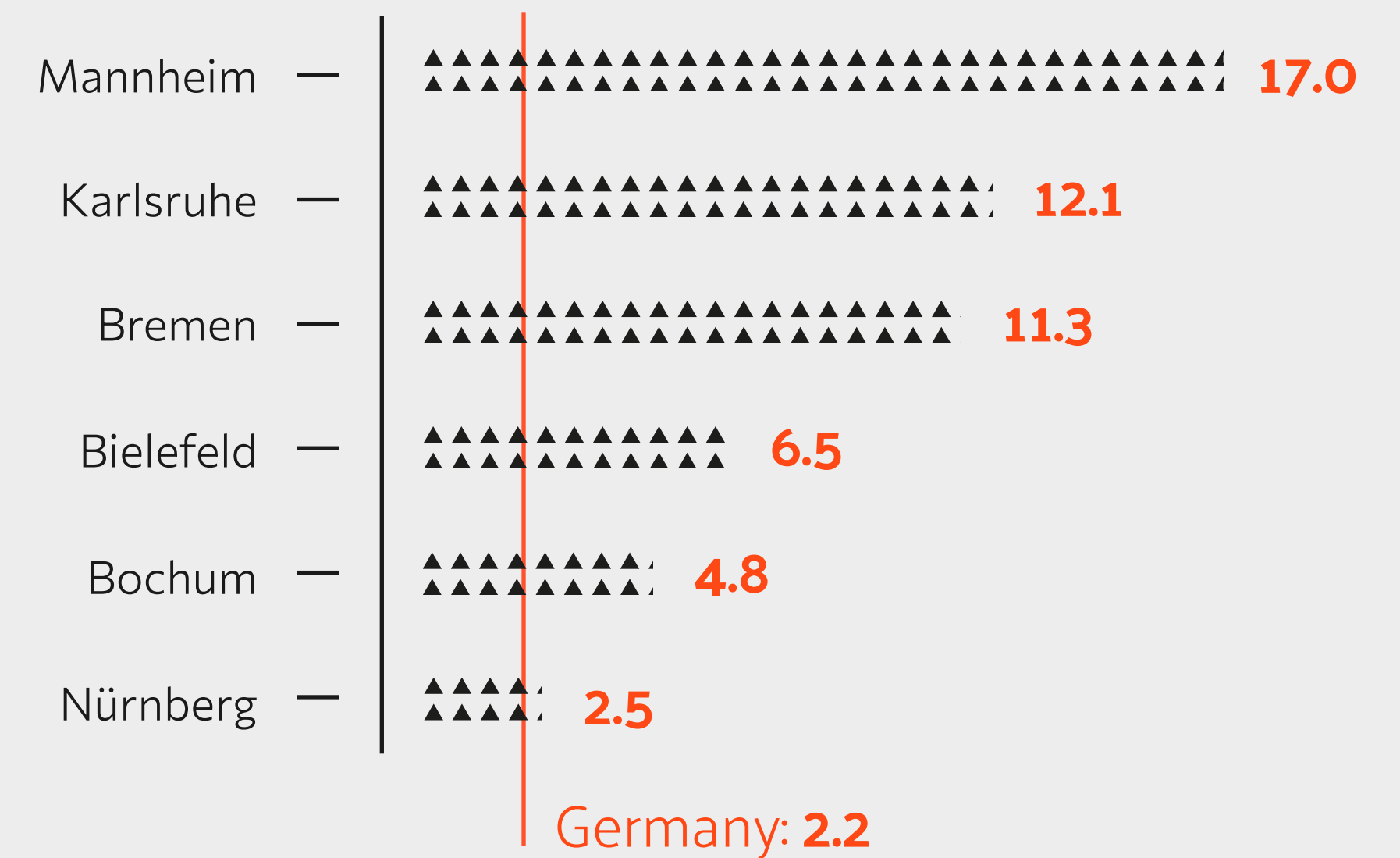
### Top 5 locations new founded startups in 2019

Source: startupdetector

- |                       |                        |
|-----------------------|------------------------|
| 1 Berlin: <b>564</b>  | 4 Mannheim: <b>94</b>  |
| 2 Munich: <b>274</b>  | 5 Stuttgart: <b>94</b> |
| 3 Hamburg: <b>164</b> |                        |



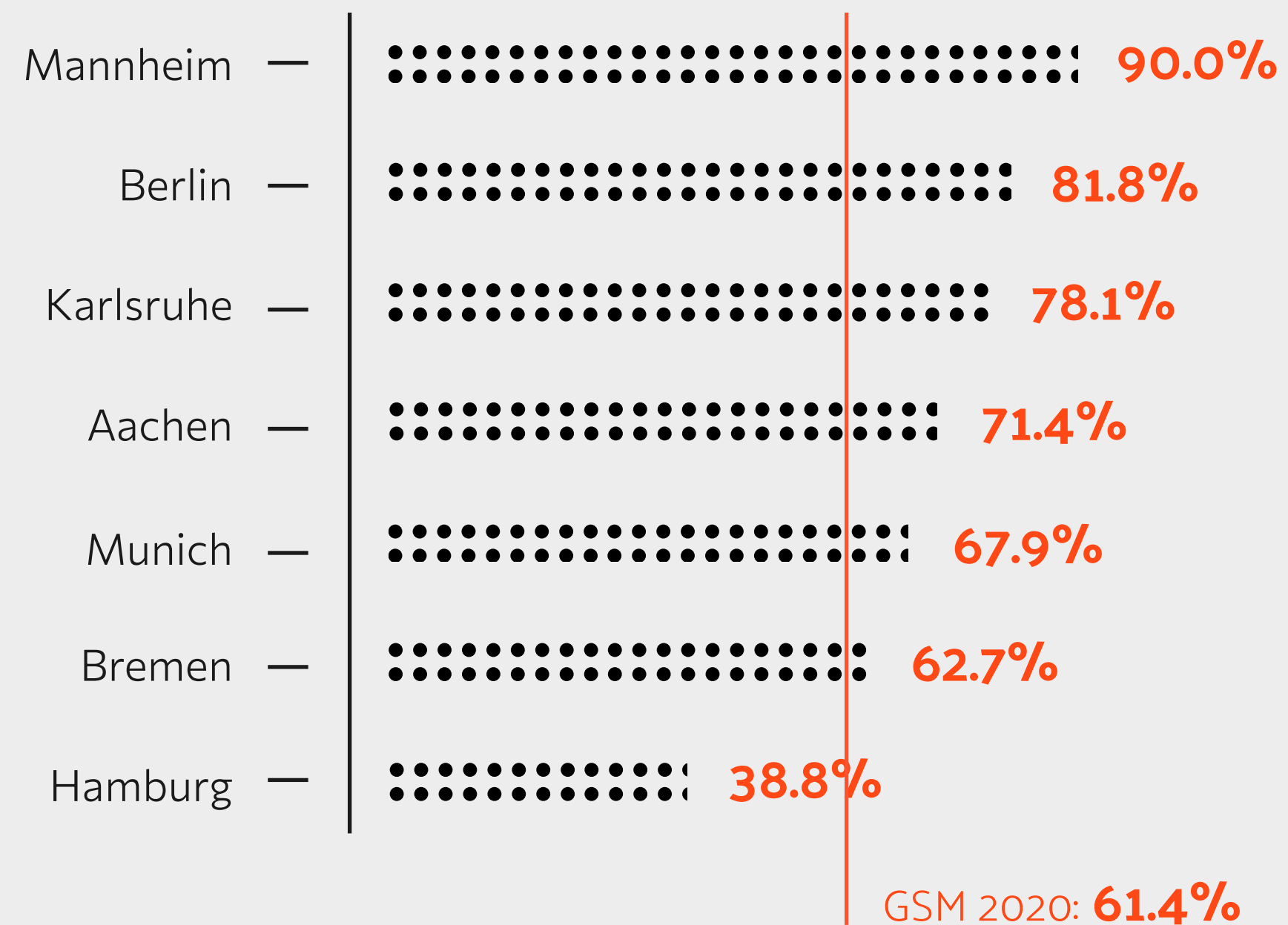
### GSM startups per 100,000 residents 2018-2020 in selected cities<sup>1</sup>



1) The data for 2018 to 2020 were summarized and calculated as an average for 3 years.



(Very) good rating  
of the ecosystem



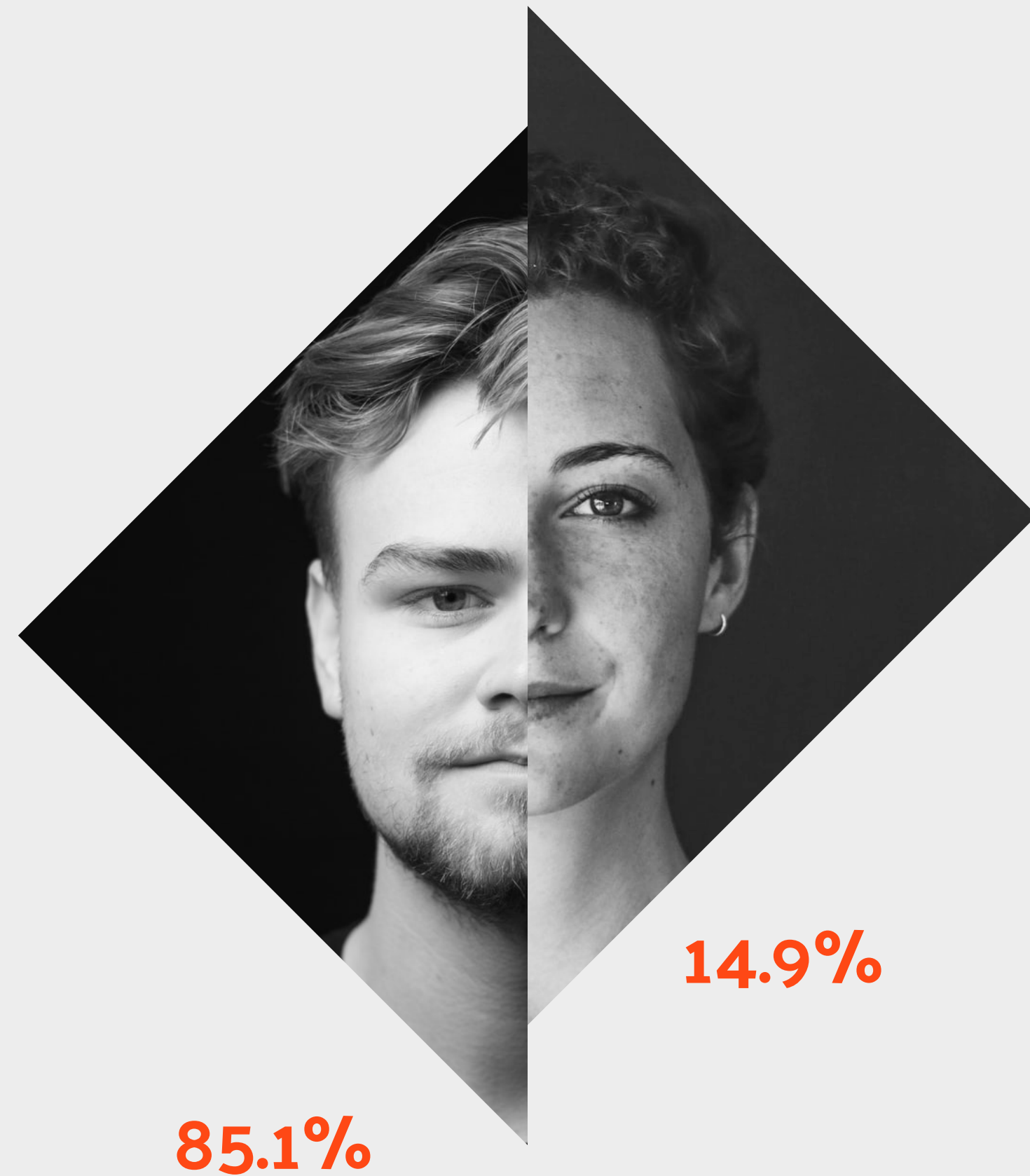
## Ecosystem in Mannheim is rated as very good

- **No other major location** in the GSM is rated higher by the founders **than Mannheim**.
- The rating of the ecosystem in Mannheim was at a **similarly high level in the previous year** (85.3 %).
- The **general satisfaction of the founders** is also reflected in the evaluations of many more ecosystem factors.





## Share of startup founders by gender



## Female founders are underrepresented in the ecosystem

- Regarding the **share of female founders** the Mannheim startup ecosystem is at a similarly **low level** as the rest of Germany.
- For **entrepreneurship in general**, the **underrepresentation of women is smaller** – an indication of specific problems in the startup ecosystem.
- In addition, female founders face **considerable challenges** in the areas of **growth, financing** and **access to networks**<sup>2</sup>.

2) Female Founders Monitor 2020.



## Most startups are set up by first-time founders



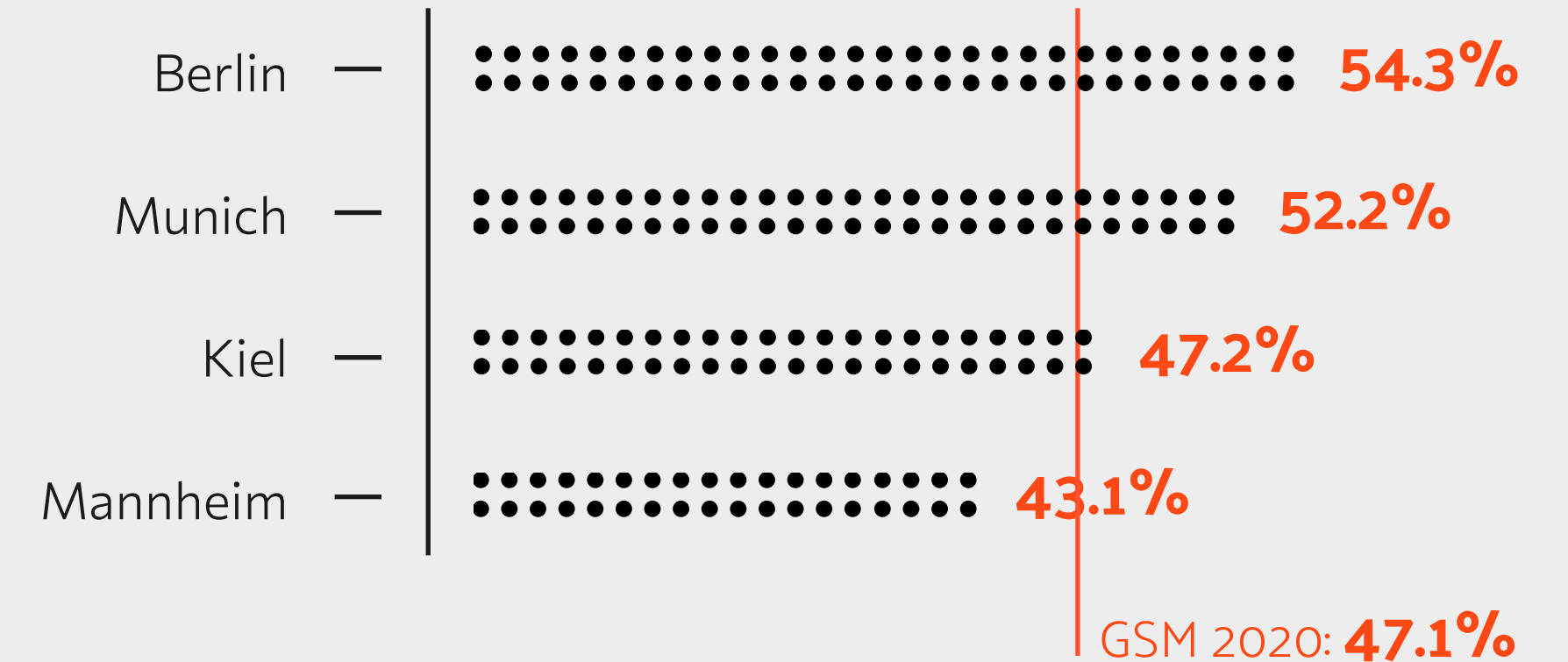
### Serial founders as an indicator of developed ecosystems

Serial founders are an indicator for the attractiveness of the ecosystem: they create international networks and strengthen the funding landscape as business angels – prominent examples are the startups grown out of Paypal in Silicon Valley, which include Tesla and LinkedIn.

**Mannheim** has succeeded in creating a high level of startup activity – this level must be kept up and through more series founders it is possible to achieve important synergy effects.

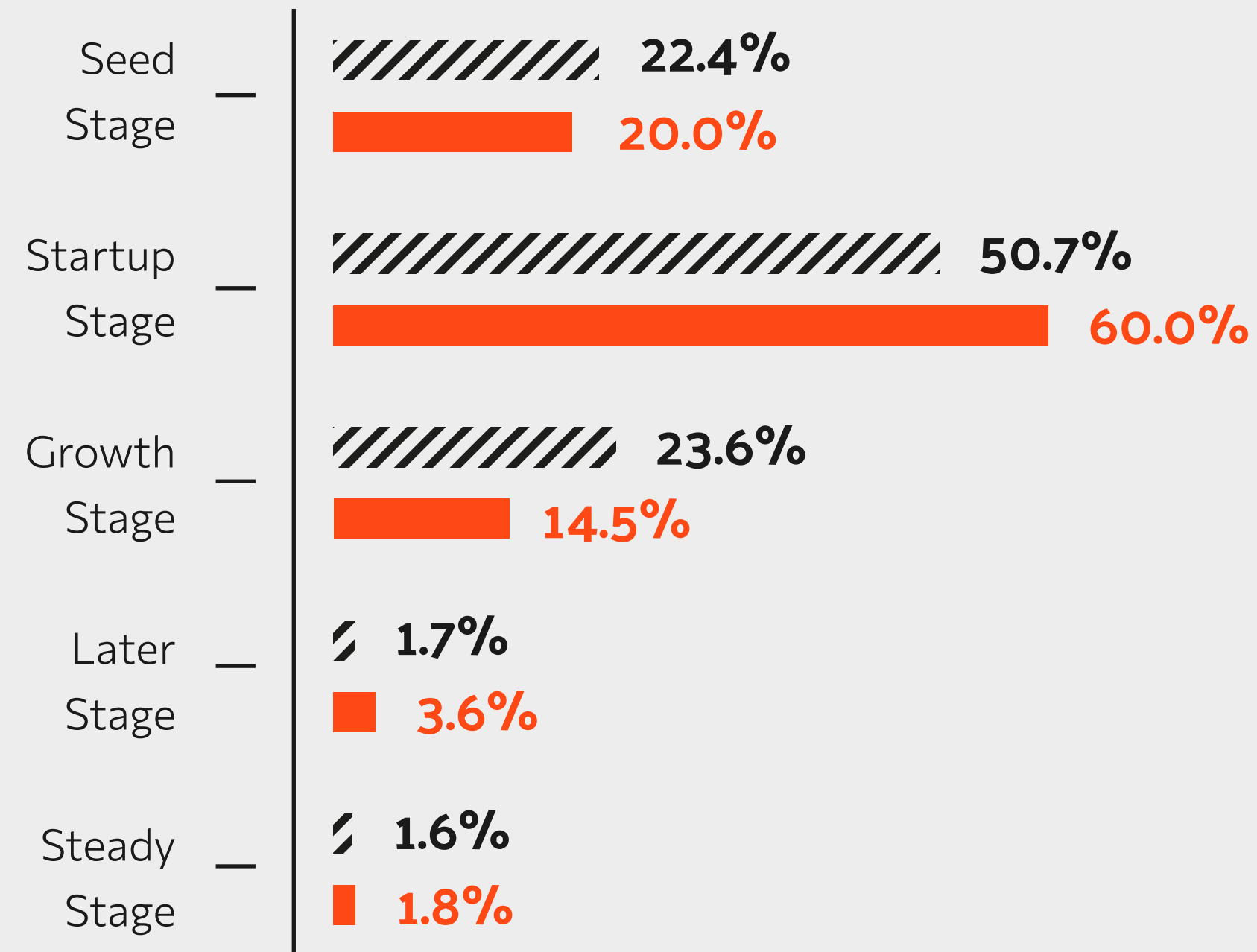


### Share of serial founders





## Development stages



▨ GSM 2020    ■ Mannheim

## Mannheim startups are in the early stages

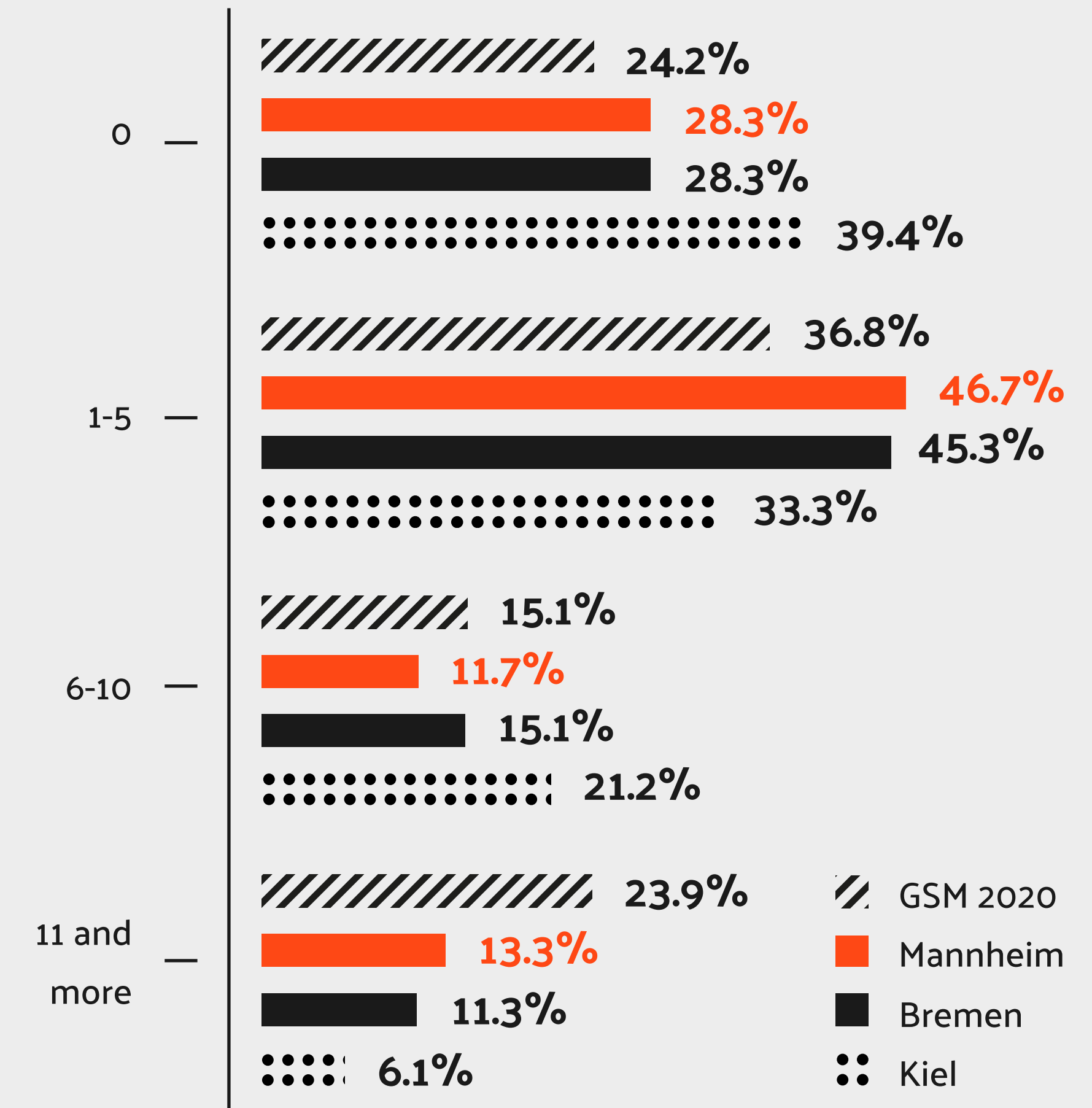
- Mannheim startups are rather **in the early stages of development** – a further indication of the high level of recent startup activity.
- Compared to highly developed ecosystems such as Berlin (34.6 %) or Munich (32.5 %), a **significantly lower share is in the growth stage**.
- The **leap into the growth stage** often calls for venture capital, which to secure requires appropriate networks and support.

## Startups can become real job engines

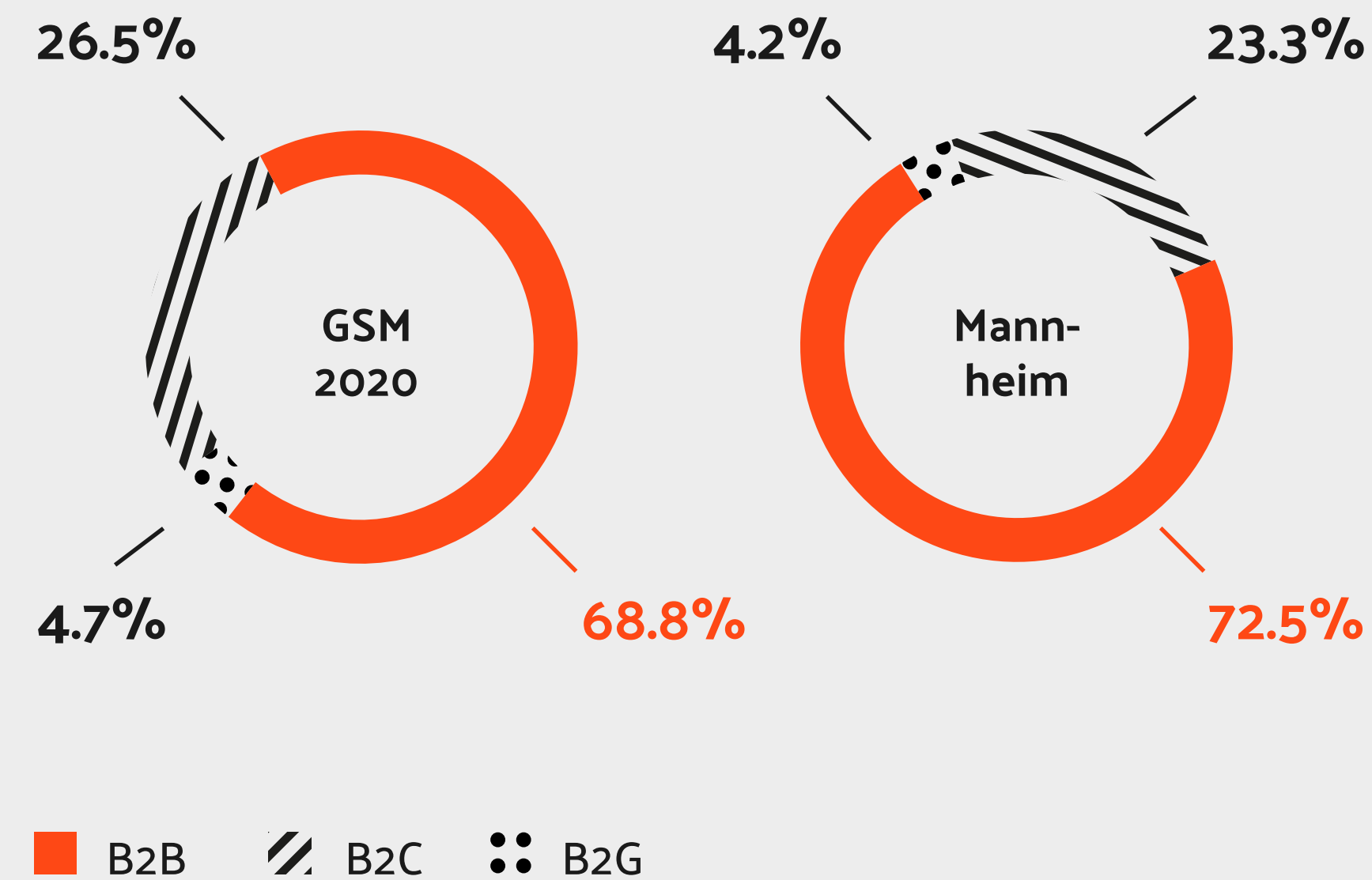
Startups defy the corona crisis and ...

- **84.7 % plan to hire new staff** in Mannheim in the coming year – the figure is slightly lower than in other regions in Germany.
- **13.3 %** of the startups in Mannheim **have more than 10 employees** – especially in the hotspots of Berlin (46.1%) and Munich (41.8%) these figures are higher.
- need incentives for **better networks and access to capital** to better meet their growth challenges.

### Number of employees



## Average revenue shares



With **72.5 %**, the **B2B revenue share** of Mannheim startups is exceptionally **high** – only Munich with 74.6 % has a stronger B2B orientation.

## B2B business is central to many startups

### Growth market B2B

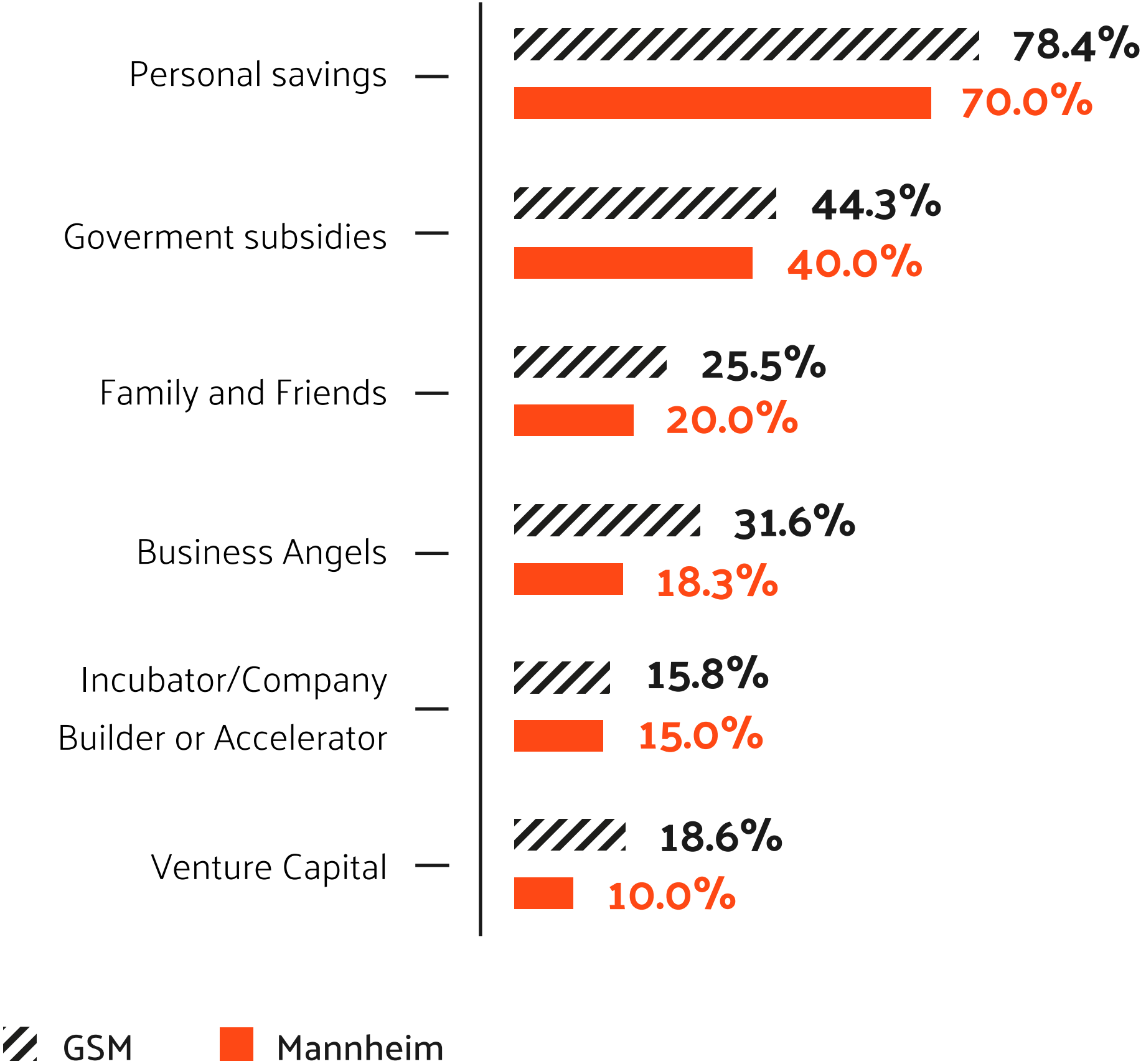
- After many B2C success stories, the **B2B sector** is considered a major **growth market** for startups in the future.
- Startups can profit from many **established companies** in the Rhine-Neckar region – however, this is not a automatism.
- With 67.8% more startups than in any other city rate the **opportunities for cooperation** as (very) good.



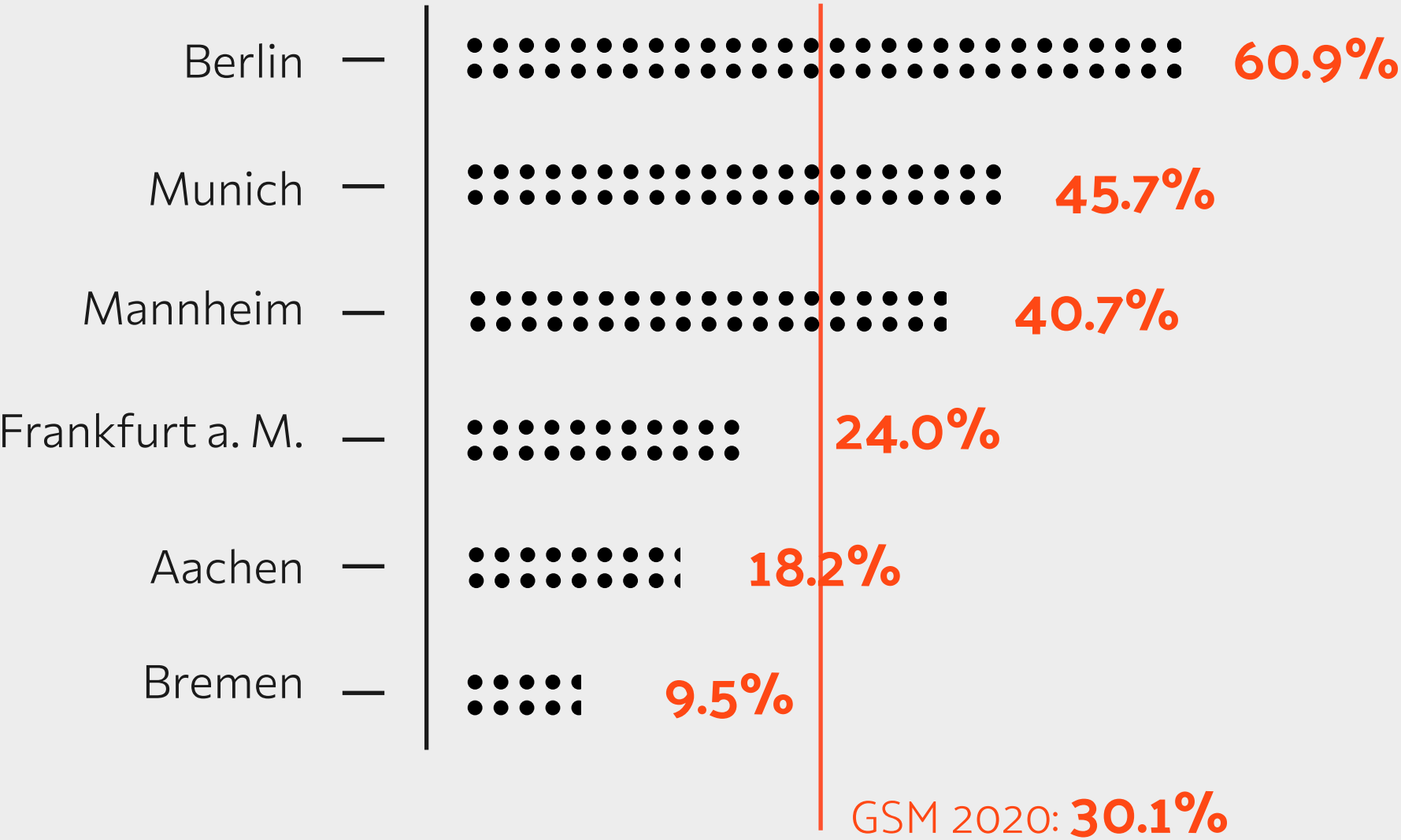


# High satisfaction with access to capital

## Sources of funding



## Positive assessment of access to capital

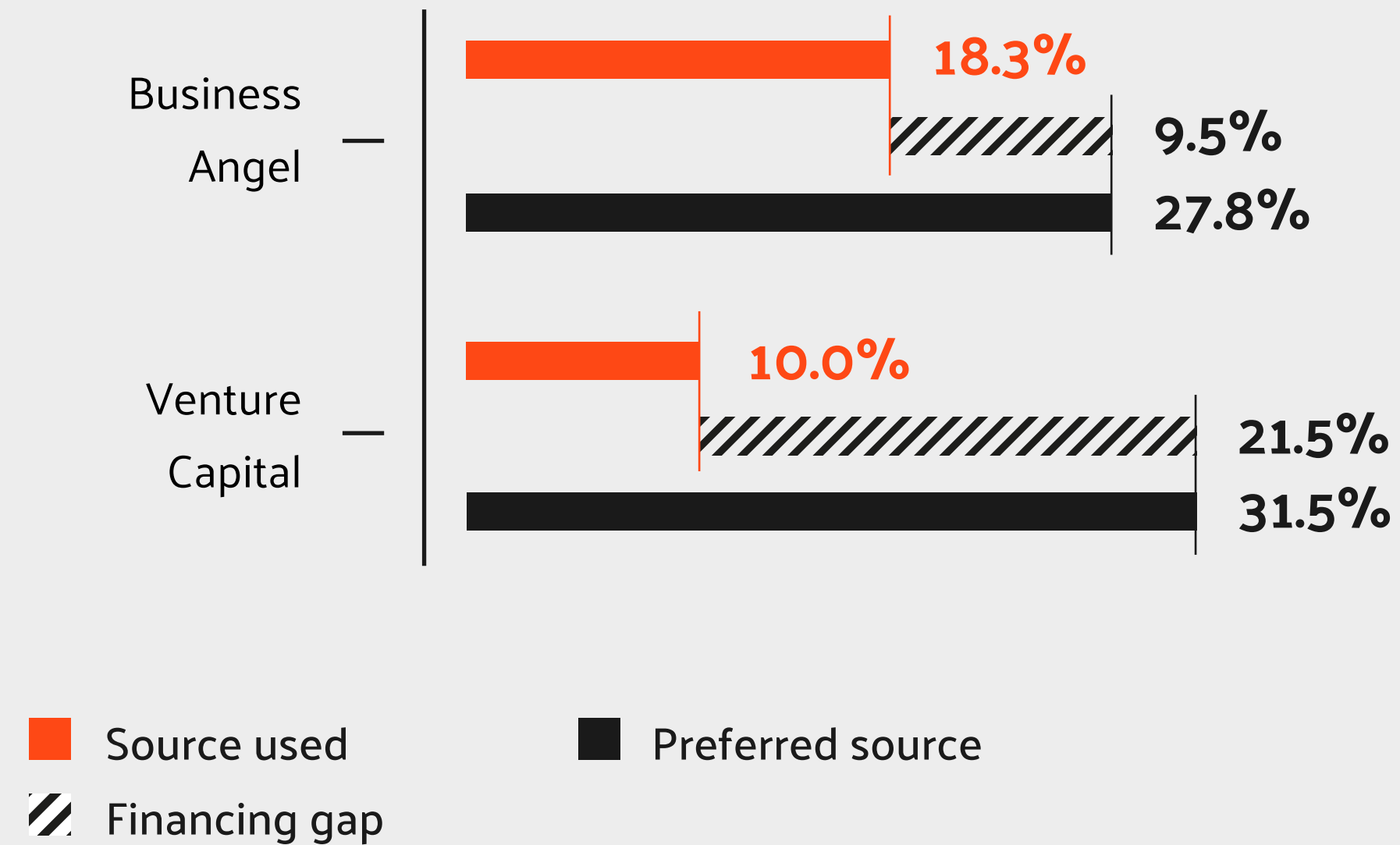


**Despite the satisfaction** with their access to capital, business angel investments and venture capital are still rarely used, compared to the national average.





## Used vs. preferred sources of capital in Mannheim



**Business angels** provide networks to customers and VC investors, most of which are based in metropolitan areas such as Berlin and Munich.

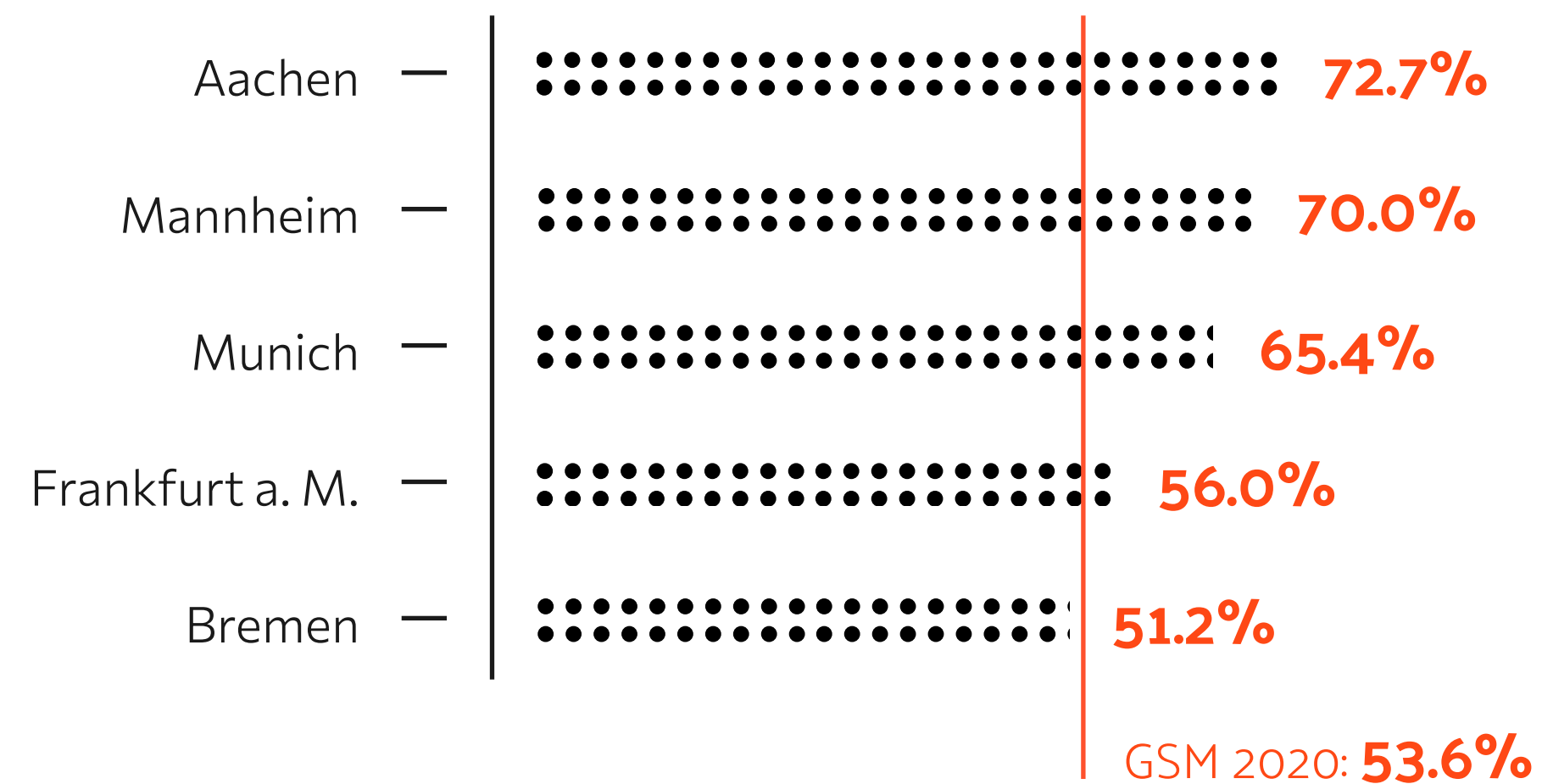
## Growth funding is a challenge

- **Business angels** and **venture capital** are important **factors** for growth – this can be seen for example in Berlin or Munich.
- The **gap** between the **wish** for such funding and its **realization** is large – also in other regions.
- In Mannheim, **42.6 % of startups surveyed are planning an exit** – the figure is lower than in Berlin (75.4 %) and Munich (72.4 %).

## Startups benefit from a skilled workforce



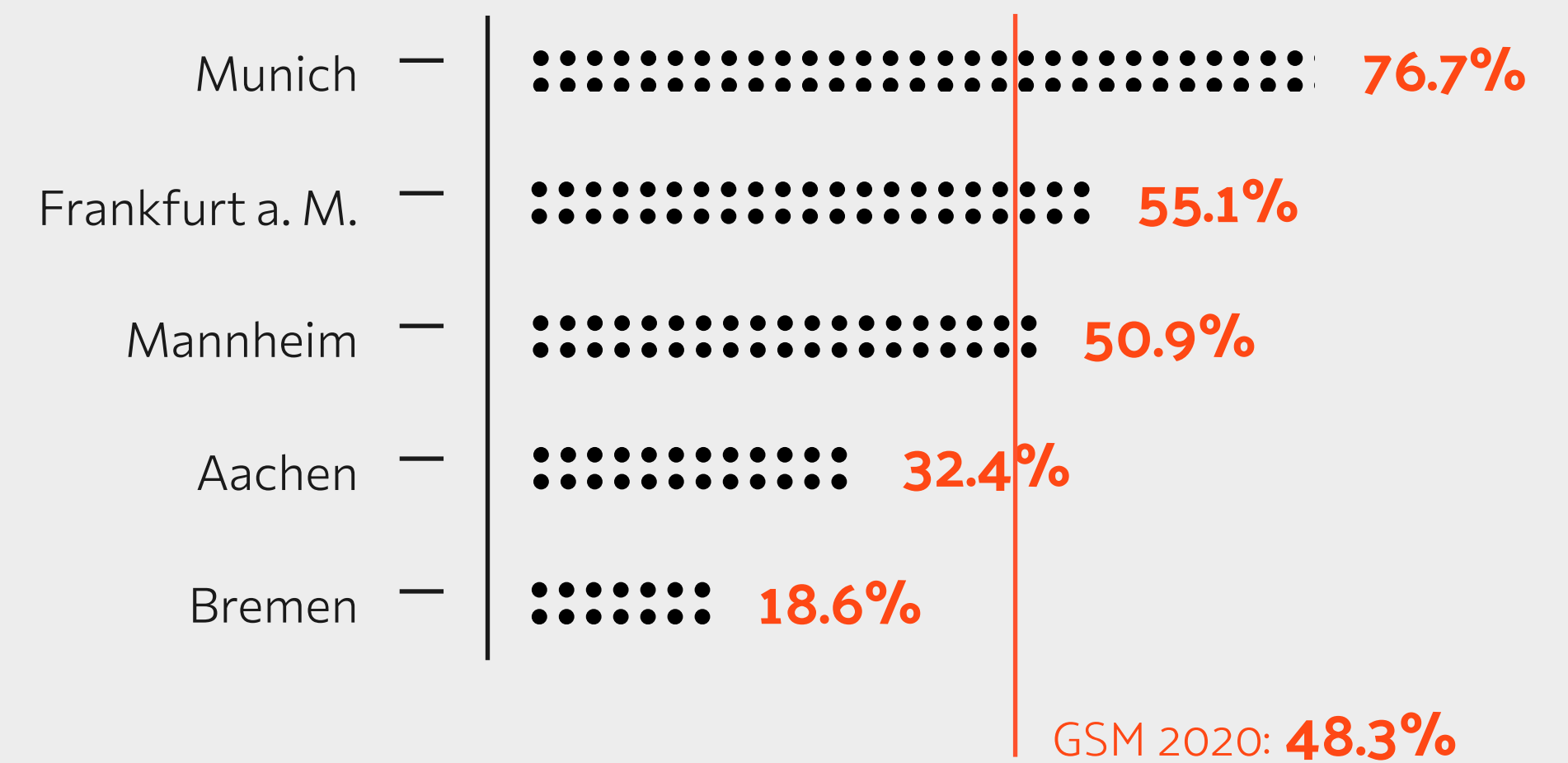
### Positive assessment of the local availability of qualified employees



- The **excellent universities** in the region allow startups to draw from a great local talent pool.

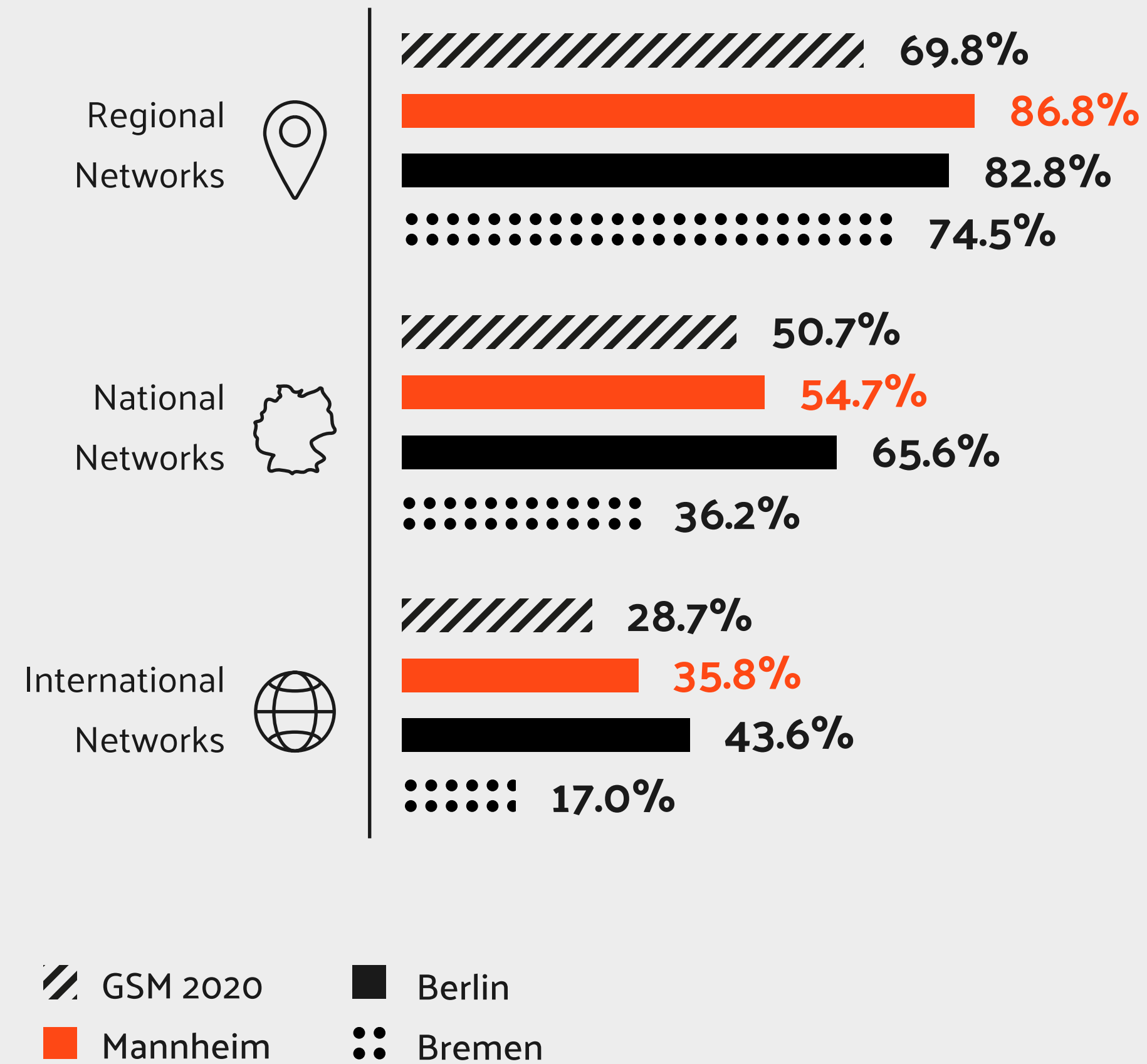


### Positive assessment of the attractiveness for talents from outside



- Startup ecosystems also benefit from **soft factors that attract talent** – Mannheim is comparatively well positioned here in terms of its size.

## Positive assessment of the networks



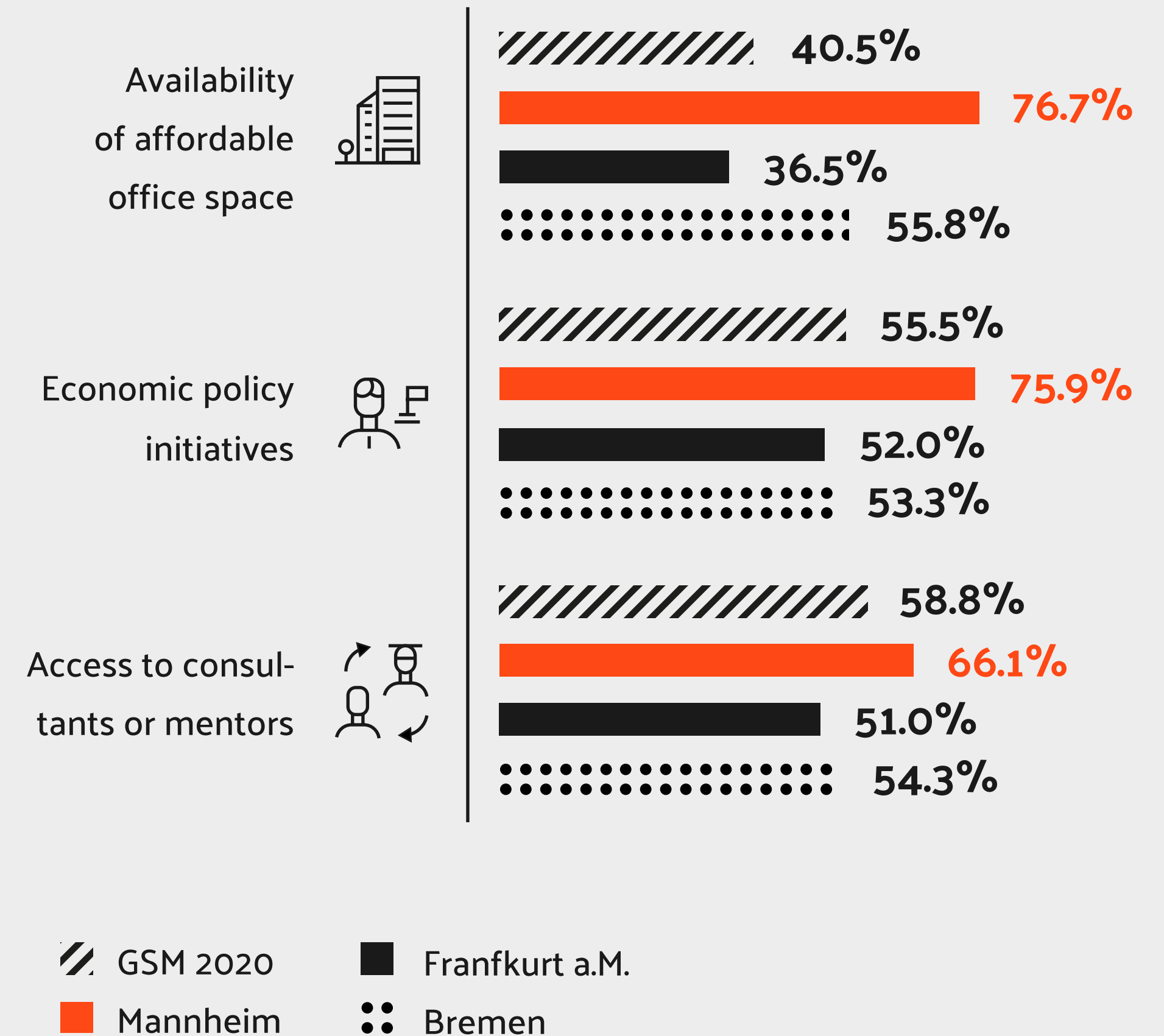
## Bridges between ecosystems are important

- The founders in Mannheim are **highly satisfied** with the **networks in their regional ecosystem**.
- **Bridges to growth ecosystems** like Berlin are helpful in opening up access to venture capital networks for startups.
- Support in accessing **international markets** is particularly important for startups – even more for first-time entrepreneurs.

## The local infrastructure is rated positively

- **The regulatory framework** and **government initiatives** are **important drivers** in the development of startup ecosystems.
- **Affordable office space** is crucially important for startups and their growth - there is a high level of satisfaction in Mannheim.
- Especially for first-time founders, local **support and mentors are important** when facing challenges.

### Positive assessment regarding ...







## **Summary:** **Mannheim Startup Monitor**

**A dynamic startup ecosystem has developed in Mannheim with ...**

### **Startup activity at a high level:**

Mannheim occupies a top position nationwide in terms of startup activity per capita.

### **Satisfaction in the ecosystem:**

The startups appreciate their location and rate it significantly better than other cities.

### **Potential for further development:**

To reach the next level, networks as well as business angels need to be strengthened.



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